Form Por Phor Wor 1: Annual Disclosure

Information Disclosure Form (attached to Registrar's Order No. 72/2563)
Subject: Information Disclosure of Non-Life Insurance Company

Section 1: Certification of Disclosed Information

The Company has carefully reviewed the disclosed information and has certified that the information is correct, complete, factual, not misleading, that no important information has been omitted, and that the accuracy of every particular of the disclosed information has been certified.

Signed: ....

Name: Miss Panida Makaphol

Position: Director

Signed: ....

Name: Mr. Somporn Suebthawilkul

Position: Managing Director

26 May 2023
2022 Annual Information Disclosure

Section 2: Details of Information Disclosure

1. Company Background, Policies, Objectives, and Business Strategies Adopted to Achieve the Goal of Business Operations, and Information on the Nature of the Business Operations, Description of Important Products and Services, Contact Channels, Claim Processes and the Time to Claim Settlement under the Contracts of Insurance

1.1. Company Background

https://www.dhipaya.co.th/en/about-companyprofile.html

1.2. Policies, Objectives, Business Strategies

Dhipaya Insurance Public Company Limited adopts a customer-centric approach for its business operations policy, focusing on maximizing both its products and services offered to its customers. The Company's aim is to increase its competitiveness and to enhance its business operations in order to accommodate innovation or technological changes and embrace the upcoming Start-up and Insure players who will increase their already significant role in transforming the insurance industry in the future in order to pave the way to being the leader in the digital insurance market on a sustainable basis and the leading non-life insurance company in the region. In view of this upcoming transformation, the Company has formulated its business strategies according to the following five aspects:

1. Sustainable Profitability:
   - Creating new products and offering new service platforms;
   - Acquiring new business partners;
   - Developing new sale channels;
   - Retaining existing customers;
2. Management of Operating Costs:
   - Adopting information technology in its business operations;
3. Development of Work Procedure:
   - Integrating and improving the work procedure;
   - Enhancing the internal control function;
4. Development of Human Resources:
   - Planning the human resource requirement;
   - Cultivating an organizational culture;
5. Development of an Information Technology System:
   - Enhancing the information technology system to accommodate the current business operations.

1.3. Nature of Business Operations

Dhipaya Insurance Public Company Limited engages in the following business activities:

1. Non-Life Insurance Business: The Company engages in four major categories of the non-life insurance business; namely fire insurance, marine and transportation insurance, motor insurance, and miscellaneous insurance.

2. Investment Business: The Company may engage in investment activities in accordance with the Non-Life Insurance Act, under the supervision of the Office of Insurance Commission (OIC), by investing its remaining funds from its insurance business operations in various instruments, for example, deposits with financial institutions, promissory notes, government bonds, and both short-term and long-term securities.

1.4. Important Products and Services and Percentage of Premium Written

Insurance Products

There are four types of insurance products - as follows:

- Fire insurance provides coverage against damage arising from fire, lightning, and explosions of cooking gas. For perils that are not generally covered under general policies, additional insurance riders can be purchased separately to provide coverage for damage arising from floods, earthquakes, hail-storms, and storms. Insured properties can be structures, furniture, fixtures and fittings, inventory, machinery, and others. Fire insurance policies can be divided into two categories: residential and general.

- Marine and transportation insurance provides coverages against loss or damage to insured properties, comprising cargo insurance, hull insurance, and transporter liability insurance in the course of transportation, both within the country and overseas. This may arise from natural disasters or accidents, such as a ship sinking, becoming stranded, a ship's collision, a ship's explosion, or a ship on fire. Transport modes include maritime, waterways, roads, and air.

- Motor insurance provides coverages against loss of or damage to insured vehicles arising from natural disasters or accidents. Motor insurance can be divided into two categories: compulsory motor insurance and voluntary motor insurance.

1. Compulsory motor insurance under the Road Accident Victims Protection. Act, B.E. 2535 is effective on vehicles powered by motor and electricity that provides compensation to road accidents for loss of life, loss of limbs, or disability under the amounts prescribed in the Act.
2. Compulsory motor insurance provides coverage for liability for loss of life and medical expenses to persons in the vehicles and third-parties (the excess portion from the

compulsory motor insurance), third-party properties, including insured vehicles in case of natural disasters or accidents.

- Miscellaneous insurance provides coverages against damage to persons or other properties not covered by the three types of insurance mentioned above. Miscellaneous insurance can be divided into the following three categories: personal insurance includes personal accident insurance, travel insurance, health insurance and critical illness insurance, etc.; property insurance includes money insurance, burglary insurance, machinery insurance, aviation insurance, energy and petrochemical insurance, and all risks insurances, etc.; and third-party liability insurance includes professional liability insurance, product liability insurance, etc.

Insurance Services

The Company provides customers with various services, from purchasing insurance products to settlement of claims, and focuses on the claims centric approach and insurance service excellence. Accordingly, the Company has implemented technologies to facilitate its services as follows:

- **TIP Insure**, an application that provides customers with easy access for use of the Company's products and services.
- **TIP Flash Claim**, an application that enables customers to promptly file claims via mobile phones in the case of any accident.
- **TIP Call Centre 1736**, a 24-hour hotline for handling customers' inquiries and claim notifications.
- **Dhipaya Insurance Facebook Fan page**, an online platform developed for managing customers' relationships and communicating the Company's insurance products and services to the public.
- **Line Official @DHIPAYA Insurance**, an online platform developed for offering products and providing services to enable customers to access our products and services.

Quantitative Information: Unit: THB Million

Description	Fire	Marine and Transportation		Motor		Miscellaneous						Total (2022)
		Hull	Cargo	Compulsory	Voluntary	All Risks	Public Liability	Engineering	Personal Accident	Health	Others	
Direct premium written	2,669.62	183.45	486.12	804.6	6,461.36	8,895.89	435.79	1,467.85	7,592.52	328.83	2,848.28	32,174.31
Percentage of premium written (%)	8.30	0.57	1.51	2.50	20.08	27.65	1.36	4.56	23.60	1.02	8.85	100.00

Remark: Information from the Annual Report

1.5. Contact Channels, Claim Processes, and the Time to Claim Settlement under Contracts of Insurance

1.5.1. Process, Duration, Documents, and Claim Process under Contracts of Insurance.

1. Motor Claims

   https://www.dhipaya.co.th/en/service-detail-2.html

2. Health, Accident and Travel Claims

   https://www.dhipaya.co.th/en/service-detail-11.html

3. General Claims

   https://www.dhipaya.co.th/en/service-detail-6.html

1.5.2. Contact channels in case of any dispute or complaint:

https://www.dhipaya.co.th/en/contact

2. Scope and Details of Good Corporate Governance and Internal Control Process

2.1 Scope of Good Corporate Governance and Internal Control Process

https://www.dhipaya.co.th/en/about-vision.html

2.2 Organizational Structure

https://www.dhipaya.co.th/en/about-organization.html

2.3 Management Structure

2.3.1 Board of Directors

- Names and Positions

  https://www.dhipaya.co.th/en/about-boarddirectors.html

- Scope of Responsibility

  https://www.dhipaya.co.th/en/about-organization.html

2.3.2 List of Executives

- Names and Positions

  For more information, please refer to 2022 Annual Report Pages 24 as follows.

  https://www.dhipaya.co.th/uploads/ir_report/52/desktop/thai/42522891e739e208e56cce5299c30fc6.pdf

- Scope of Responsibility

  1. Managing Director

     https://www.dhipaya.co.th/uploads/management_structure/17/desktop/thai/c62aa7dc99cde4d3dcedd6684c2b2b4c.pdf

  2. Deputy Managing Director

     https://www.dhipaya.co.th/uploads/management_structure/18/desktop/thai/1936a31e28e1d1d01ec4113abb22e1001.pdf

  3. Assistant Managing Director

     https://www.dhipaya.co.th/uploads/management_structure/19/desktop/thai/8e691a22951f4f306254833d0c8dfb2f1.pdf

2.4 Subcommittees

The Company has six subcommittees as follows:

2.4.1 Audit Committee

https://www.dhipaya.co.th/en/about-organization.html

2.4.2 Risk Management Committee

https://www.dhipaya.co.th/en/about-organization.html

2.4.3 Investment Committee

https://www.dhipaya.co.th/en/about-organization.html

2.4.4 Nomination, Remuneration and Human Resource Management Committee

https://www.dhipaya.co.th/en/about-organization.html

2.4.5 Executive Committee

https://www.dhipaya.co.th/en/about-organization.html

2.4.6 Corporate Governance Committee

https://www.dhipaya.co.th/en/about-organization.html

2.5 Nomination and Appointment of Directors, Independent Directors, and Executives

For more information, please refer to 2022 Annual Report Page 53 as follow:

https://www.dhipaya.co.th/uploads/ir_report/47/desktop/thai/222252de728be3c36dcd7e199b324377.pdf

2.6 Remuneration Policy

For more information, please refer to Good Corporate Governance Policy Page 22 as follow:

https://www.dhipaya.co.th/uploads/keep_activities/6/desktop/thai/1173380cf3b8a98ed75cd36ccf7aa1d8.pdf

3. Enterprise Risk Management (ERM) and Asset Liability Management (ALM)

3.1 Enterprise Risk Management (ERM)

https://www.dhipaya.co.th/files/กรอบและนโยบายการบริหารความเสี่ยงองค์กร_ประจำปี_2565_file_scan.pdf

3.2 Asset Liability Management (ALM)

The Company has defined the range of the difference between the duration of investment assets and liabilities under its insurance contracts to be within an acceptable level in order to limit market risks caused by a change in interest rates.

Quantitative Information: Unit: THB Million

Description	2022		2021	
	Book Value	Appraised Value	Book Value	Appraised Value
Total investment assets	17,832.47	17,864.79	17,447.79	17,499.53
Total liquid assets	17,010.55	17,013.36	16,404.39	16,404.74
Total liabilities	46,227.3	46,446.59	39,932.21	40,228.99
Liabilities under insurance contracts	27,398.94	27,759.27	24,222.59	24,598.35

Remark: - A book value refers to the value of assets and liabilities appraised in accordance with financial reporting standards.
- An appraised value refers to the value of assets and liabilities appraised in accordance with the Notification of the Insurance Commission on the valuation of assets and liabilities of non-life insurance companies, and is intended to regulate the financial stability of insurance companies to ensure that they have the ability to pay benefits under the insurance contracts to the insured in full.

4. Forecast risks from underwriting which may significantly affect the Company's financial position, reinsurance management, linkage between capital and risks from underwriting and concentration of underwriting

The Company has forecasted the potential damage based on the current risk exposure by applying actuarial methods and historical statistical data to calculate the best estimated claim loss, which is expected to occur in the course of the remaining insurance period from the date of calculation.

The Company's underwriting risk arises from the fluctuation of unexpected underwriting results, whereby the major risks stem from fluctuations in liabilities from insurance contracts, comprising claim loss reserve and unearned premium reserve. A sensitivity analysis has been conducted on the capital from such fluctuations, and a stress test has also been conducted to evaluate the capital adequacy in the case of any occurrence of a catastrophe.

The Company offers a variety of underwriting insurance products, ranging from fire insurance, marine and transportation insurance, motor insurance, and miscellaneous insurance whereby the criteria for risk retention have been established to be proper for each particular characteristic of the insurance category, and the acceptable risk level is defined by taking into consideration costs and returns, which should not be no more than 10 percent of the Company's capital, or within the limit set by the relevant rules and regulations of the Office of the Insurance Commission. A risk retention ratio has been specified for each insurance category. In addition, the Company has specified the risk retention ratios according to the insurance category by analyzing information of persons or perils to be insured, in order to clearly define potential risks, risk appetite, the portion of risk to be allocated, the maximum underwriting limit per peril or per occurrence, in which the factors for consideration of risk are referred to in accordance with the Company's Underwriting Guidelines.

The Underwriting Guidelines have been issued, and the risk retention ratio and reinsurance ratio for each peril have been defined. Perils are categorized based on their risk levels into four categories: level 1, level 2, level 3, and level 4; with level 1 as the lowest risk level and level 4 as the highest risk level. Performances of risk underwriting are analyzed to adjust the retention ratios on a regular basis: for any peril group with a good performance, the respective retention ratio will be increased, and for any peril group with a poor performance, the respective retention ratio will be decreased and reinsurance will be introduced to manage those risks.

Information technology has been introduced in order to generate reports for monitoring and reviewing the underwriting concentration on a regular basis, this ensures that adequate coverages for the Company's risk retention level have been acquired from reinsurers to accommodate ever-increasing underwriting risks.

Reinsurance coverages are appropriately allocated to suite peril characteristics and categories. In addition, the reinsurance selection criteria and procedure are incorporated in the Company's quality management system by categorizing reinsurance contracts as follows:

1. Facultative reinsurance contracts are commonly used for specific risks or large risks which are mostly under exclusions of proportional reinsurance treaties or a high risk or a high sum insured, that are greater than the maximum limit of proportional reinsurance treaties.
2. Proportional treaty reinsurance contracts are used for large volume of similar risks, whereby the Company and reinsurers will clearly specify conditions of insurance contracts in advance. If the Company underwrites any risk that qualifies the contracts, the Company can include this risk in the contracts.
3. Non-proportional reinsurance treaty contracts are used to provide coverages for damage in excess of deductibles per occurrence or per incident as specified in the relevant contracts.
4. Catastrophic reinsurance contracts are used to provide coverages for accumulated damage arising out of any given catastrophe, namely, flood or earthquake, etc.

Furthermore, reinsurers must be qualified as specified by the Company, that is, the minimum Capital Adequacy Ratio (CAR) of local reinsurers must be not less than 200 percent and international reinsurers must have been granted a financial strength rating of not less than A- by A.M. Best, or a comparable rating agency. Additionally, the concentration limit for each reinsurer is fixed, that is, each insurer shall not exceed 50 percent of the Company's underwriting portfolio, and this concentration level is monitored on a regular basis.

Adequacy of the reinsurance plan is assessed. Stress tests are conducted by the Risk Management and Actuary Department to ascertain the strength and the adequacy of the reinsurance plan, so as to ensure that the Company's reinsurance is appropriate and efficient.

Quantitative Information: Unit: THB Million

Description	Amount (2022)
Insurance reserve recoverable from reinsurers	21,632.89
Amounts receivable from reinsurers	3,154.51
Amounts deposited with reinsurers	-

5. Value, Methodology, and Assumptions Related to Insurance Contract Liability Valuation

For more information, please refer to the Notes on the 2022 Financial Statements as follows:

- Item 5. Accounting Policies: Item 5.2 Premium Reserve and Item 5.3 Loss Reserve and Outstanding Claims
  https://www.dhipaya.co.th/uploads/ir_financial/62/desktop/thai/87237fb94f4e9d0cd5f55596ee61d445.pdf
- Item 9. Critical Accounting Estimates, Assumptions and Judgements: Item 9.5 Valuation of Insurance Contract Liabilities and Item 9.6 Unexpired Risk Reserve
  https://www.dhipaya.co.th/uploads/ir_financial/62/desktop/thai/87237fb94f4e9d0cd5f55596ee61d445.pdf

Quantitative Information: Unit: THB Million

Description	2022		2021	
	Book Value	Appraised Value	Book Value	Appraised Value
Insurance Contract Liabilities - Premium Liabilities	17,336.10	15,935.16	15,536.95	14,378.48
- Claim Liabilities	10,062.84	11,824.11	8,685.64	10,219.87

Remarks: - A book value refers to the value of insurance contract liabilities appraised in accordance with the accounting standards, and is intended to enable investors and financial analysts to understand the economic value of insurance contract liabilities that are acceptable in accordance with Thai accounting principles, and must be approved by a certified public accountant.
- An appraised value refers to the value of insurance contract liabilities appraised in accordance with the Notification of the Insurance Commission on the valuation of assets and liabilities of non-life insurance companies, this is intended to regulate the financial stability of insurance companies and to ensure that they have the ability to pay benefits under the insurance contracts to the insured in full. The valuation must be performed by an actuary licensed by the Registrar in accordance with acceptable actuarial principles. Assumptions applied in the valuation must be in line with the actual experience. In the case of insufficient experience, reference must be made to industry experience with any adjustment to suit the Company's underwriting portfolio. In addition, the insurance reserve must include the provision of adverse deviation (PAD) as required by the Office of the Insurance Commission.

Note: In certain financial reporting periods, the book value of insurance contract liabilities may be significantly different from the appraised value as a result of their different purposes and the methods applied in the valuation. Those who intend to use the information are advised to fully explore and be aware of the purposes of both approaches that are applied for the evaluation of insurance contract liabilities before forming any decision.

6. Investment by the Company

Investment

- **Policy**

  The Company's investment policy is defined to be consistent with the overall risk management policy, including the design of insurance products, underwriting, the execution of reinsurance contracts, the Assets Liabilities Management, the capital adequacy, risk appetite, expected returns, the availability of the operating system and human resources in accommodating the investment by the Company.

- **Purpose**

  To monitor the investment and engaging in other businesses by the Company is intended to be consistent with the current situation and consideration must be given to its financial stability, financial position, and business operations, as well as the principles of good corporate governance and the risk management. Asset management must be in line with the nature of the business operations, non-life insurance products and must be suitable for the

Company's obligations to the insured, whether in the form of cash flow, cash amounts, periods, or currencies.

- **Process**

  The Company has supervised and monitored its management of investment to ensure that it meets its goal by establishing the annual investment plan and prescribing the investment constraints in each asset class.

<u>Investment in Other Businesses</u>

- **Policy**

  With respect to the Company's policy in other business, priority has been given to its financial stability and the operations of the insurance business, this being its core business, by taking into consideration the principles of good corporate governance; and risk management. The Company may engage in other businesses in accordance with the Notification of the Insurance Commission on Investment in Other Businesses of Non-life Insurance Companies B.E. 2556 (2013), provided that the investment in other businesses must synergize with non-life insurance business, or for the purposes of maximizing its resources or expertise without causing any significant risk to the Company.

- **Purpose**

  Responsibilities have been defined and delegated to the relevant departments. Efforts have been made to promote understanding among all concerned parties and to outline the guidelines and operating procedures in the investment in other businesses to ensure that it is in line with the requirements of the relevant regulatory authority.

- **Process**

  Duties and responsibilities of the relevant executives and departments, including the departments responsible for coordination and the authorized persons have been defined to promote understanding.

<u>Evaluation of Investment Assets</u>

1. Listed Equity Instruments

The Company has recorded the value of listed equity instruments which has been reported in the financial statements and the capital adequacy report, in accordance with the appraised value of listed equity instruments by using the last bid price of securities. Considering that equity instruments must be recorded as trading securities or available for sales securities in accordance with the current accounting standards, the values reported in the financial statement and the capital adequacy report are the same.

2. Non-listed Equity Instruments

The Company has recorded the value of non-listed equity instruments in the financial statement and the capital adequacy report by using the appraised value, which is evaluated by applying a conventional method and also the methods specified by the OIC, that is, the discounted cash flow valuation by using the most recent information and the discounted rate according to the Company's financial structure and business risks of comparable companies listed on the Stock Exchange.

In 2022, the Company has recorded the value of Road Accident Victims Protection Company Limited by using the fair value announced by Thailand General Insurance Association (as of 26 January 2023) in the capital adequacy report. This causes the appraised value in the financial statement to be temporarily deviated from the appraised value in the capital adequacy report.

3. Infrastructure Funds and Property Funds

The Company has recorded the appraised value of infrastructure funds and property funds reported in the financial statement and the capital adequacy report, using the last bid price. Considering that infrastructure funds and property funds must be recorded as trading securities or available for sales securities in accordance with the current accounting standards, the values reported in the financial statement and the capital adequacy report are the same.

4. Held-to-Maturity Debt Instruments

The Company has recorded the amortized value of held-to-maturity debt instruments reported in the financial statement, but has recorded the appraised value based on the calculation of the net asset value in the capital adequacy report, reflecting the fair market value appraised by the Thai Bond Market Association (ThaiBMA). As a result, the values shown in the financial statement and the capital adequacy report are different.

5. Held-for-Trading Debt Instruments

The Company has recorded the appraised value of held-for-trading debt instruments in the financial statement and the capital adequacy report, based on the calculation of the net asset value by reflecting the fair market value appraised by the Thai Bond Market Association (ThaiBMA). As a result, the values shown in the financial statement and the capital adequacy report are the same.

6. Available-for-Sale Debt Instruments

The Company has recorded the appraised value of available-for-sale debt instruments in the financial statement and the capital adequacy report, based on the calculation of the net asset value by reflecting the fair market value appraised by the Thai Bond Market Association (ThaiBMA). As a result, the values shown in the financial statement and the capital adequacy report are the same.

Quantitative Information: Unit: THB Million

Types of Investment Assets	Value as at 31 December			
	2022		2021	
	Book Value	Appraised Value	Book Value	Appraised Value
Deposits at financial institutions and certificate of deposit at financial institutions	4,723.53	4,723.53	4,090.45	4,090.45
Debt instruments (government bonds, debentures, promissory notes, bills of exchange, convertible debentures, and saving lotteries)	4,409.82	4,411.62	4,119.40	4,121.78
Equity instruments (excluding investments in subsidiaries and associated companies)	4,732.56	4,763.08	4,896.38	4,945.74
Unit trusts	3,966.55	3,966.55	4,341.55	4,341.55
Loans, motor hire-purchase, and asset leasing	-	-	-	-
Warrants (for stocks, debentures, and unit trusts)	0.01	0.01	0.01	0.01
Derivatives	-	-	-	-
Other investments	-	-	-	-
Total investment assets	**17,832.47**	**17,864.79**	**17,447.79**	**17,499.53**

Remark: - A book value refers to the value of assets and liabilities appraised in accordance with the financial reporting standard.
- An appraised value refers to the value of assets and liabilities appraised in accordance with the Notification of the Insurance Commission on valuation of assets and liabilities of non-life insurance companies, and is intended to regulate the financial stability of insurance companies and to ensure that they have the ability to pay benefits under insurance contracts to the insured in full.

7. Operating Results of the Company and Results of Analysis and Related Ratios

For more information regarding the 2022 Operating Performances and Management Discussion & Analysis, please refer to the 2022 Annual Report Page 81-84 as follows:

https://www.dhipaya.co.th/uploads/ir_report/47/desktop/thai/222252de728be3c36dcd7e199b324377.pdf

Quantitative Information: Unit: THB Million

Description	2022	2021
Gross premium written	32,575.09	29,410.10
Net premium earned	8,444.61	7,809.21
Income on investments and other income	1,005.55	964.64
Net profit (loss)	1,238.29	1,843.37

Significant Financial Ratios (%) Unit: THB Million

Description	2022	2021
Loss ratio	85.36	69.92
Expenses ratio	6.78	11.71
Combined ratio	92.14	81.63
Liquidity ratio	171.34	193.59
Return on equity	13.51	20.33

8. Adequacy of Capital

8.1 Policy

The Company manages its capital in accordance with the Risk-Based Capital (RBC) criteria. This was enacted on 1 September 2011, as specified by the Regulator, the Insurance Commission (OIC). The Risk-Based Capital (RBC) requires that every company must maintain its capital to ensure that it is adequate to accommodate insurance risks, market risks, credit risks, and concentration risks. However, from 31 December 2019, an operational risk has been added in accordance with the Risk-Based Capital (RBC) 2 Framework, and the OIC has revised this to be appropriate to the current business operations and to strengthen the quality of capital, as well as to be in line with international standards, with effect from 31 December 2019 onwards.

Accordingly, the Company disclosed information on the adequacy of capital to provide the insured, external parties, or stakeholders, with clear and sufficient information that will help the aforementioned parties to analyze and assess the risks of non-life insurance companies.

8.2 Purpose

The Company's purpose in maintaining the adequacy of capital level is to support its business expansion strategies and to generate a sustainable and suitable long-term return for its stakeholders both in the present and in the future, within acceptable risks and in compliance with the criteria of the Regulator, by maintaining a Minimum Capital Adequacy Ratio (CAR) that is higher than the standard specified by the OIC.

8.3 Capital Management Process

Capital management involves evaluating the capital adequacy level in line with all of the Company's significant risk appetite so as to appropriately manage its capital risks by considering the capital structure and risks according to the Notification of the OIC regarding the risk-based capital (RBC) framework. The capital adequacy is assessed, monitored, and reported to the Risk Management Committee on a regular basis to ensure that the capital management is carried out efficiently and keeps abreast of the current situation.

A stress test is conducted on an annual basis applying various factors, for example, economic variables and catastrophe factors in order to ascertain the impacts on and the strength of capital. The Company also explores new approaches to keep the capital adequacy level sufficient, so as to withstand potential crises and adjusts it to be suitable for each level of risk appetite, and this will help increase the effectiveness of capital management in compliance with the requirements and direction of the OIC.

The Company has adopted underwriting policies that specify risk categories and the Company's underwriting capacity, its retention limit, and its reinsurance management strategies, that outline domestic and international reinsurer selection criteria, as well as the reinsurance proportion of each insurance company, in order to appropriately diversify the risk. Therefore, both underwriting and reinsurance policies are directly related to the capital required for the following risk areas: insurance risks, credit risks, and concentration risks.

In addition to the underwriting and reinsurance policies, the Company has adequately managed the insurance reserve, as well as its plans to arrange timely claim payments and an accelerated collection from reinsurers to keep the insurance reserve at an appropriate level, and this will directly affect the capital required for areas of insurance risk and credit risk.

Furthermore, the Reinsurance Department regularly reviews the credit rating of insurance companies, manages the reinsurance proportion of each insurance company to comply with specified policies, and reports to the Risk Management Committee on a regular basis.

The Company also manages its investment and administers its conduct of other businesses according to the investment policies and guidelines, these outline the direction and plans for investment every year, specifying investment capacities at all types and levels, and considers investment grades. Therefore, the investment plan is directly related to and affects the capital required for the following risk areas: market risks, credit risks, and concentration risks.

The Investment Department will, therefore, calculate the capital to be prepared for relevant investment risks in both equity instruments and debt instruments, so as to monitor the changes in investment value that will impact the CAR ratio, as well as regularly reporting to the Investment Committee. Additionally, the Investment Department monitors and administers investments by reporting the investment returns ratio compared to the benchmarks in each investment category, as well as the Value at Risk (VaR) ratio compared to the portfolio's market value, and the duration ratio according to the investments proportion, in order to manage the Company's liquidity.

8.4 <u>Assessment of Capital Adequacy</u>

The Company monitors its capital to ensure that it is adequate and in line with all risk appetite levels. At the end of 2022, the Company had a Total Capital Available (TCA) of THB 7,300.06 million and a Total Capital Required (TCR) of THB 3,534.28 million. Therefore, the Company's Capital Adequacy Ratio (CAR) is 206.55 percent, and this is higher than the standard of 140 percent set by the OIC. In addition, the results of the stress tests indicate that the Company's Capital Adequacy Ratio is higher than the OIC requirements for both moderate and severe crises. The Company's capital is, therefore, adequate to accommodate various risks.

Quantitative information: Unit: THB Million

Description	As of 31 December	
	2022	2021
Total assets	54,872.93	49,621.71
Total liabilities	46,227.30	39,932.21
- Insurance contract liabilities	27,398.94	24,222.59
- Other liabilities	18,828.36	15,709.62
Shareholders' equity	8,645.63	9,689.50
Tier 1 Capital Ratio of the shareholders' equity to Total Capital Required Ratio (%)	192.85	233.15
Tier 1 Capital Ratio to Total Capital Required Ratio (%)	192.85	233.15
Capital adequacy ratio (%)	206.55	246.31
Total capital available	7,300.06	8,714.57
Total capital required	3,534.28	3,538.07

Remarks: - According to the Notification of the Insurance Commission on prescribing types and classes of capital, criteria, procedures, and conditions for calculating the capital of non-life insurance companies, the Registrar may prescribe necessary measures for supervision of companies with a capital adequacy ratio lower than the supervisory capital adequacy ratio prescribed in the Notification.- The values in the table above are calculated by applying the values in the Notification of the Insurance Commission on the valuation of assets and liabilities of non-life insurance companies, and the Notification of the Insurance Commission on prescribing types and classes of capital, criteria, procedures, and conditions for calculating the capital of non-life insurance companies.

9. Financial Statements and Accompanying Notes to Financial Statements for the Previous Fiscal Year (audited and with an opinion expressed the financial auditor)

Please refer to the 2022 financial statements as follows:

https://www.dhipaya.co.th/uploads/ir_financial/62/desktop/thai/87237fb94f4e9d0cd5f55596ee61d445.pdf